

**CITY OF INMAN MUNICIPAL COURT  
INMAN, SOUTH CAROLINA**

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**State Auditor's Report on Applying  
Agreed-Upon Procedures  
March 31, 2007**

# *State of South Carolina*



## *Office of the State Auditor*

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October 10, 2007

The Honorable Mark Sanford, Governor  
State of South Carolina  
Columbia, South Carolina

The Honorable Robin Henderson, Clerk of Court  
City of Inman  
Inman, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Inman Municipal Court System for the period April 1, 2006 through March 31, 2007, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor

RHGjr/trb

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CLINE BRANDT KOCHENOWER  
& Co., P.A.

Certified Public Accountants

*Established 1950*

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Deputy State Auditor  
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We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the City of Inman Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. Robin Henderson, Clerk of Court for the City of Inman, is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**1. TIMELY REPORTING BY THE CLERK OF COURT**

- We researched South Carolina Code of Laws Section 14-25-85 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the Municipal Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the Treasurer.
- We inquired of the Clerk of Court and Municipal Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of April 1, 2006 to March 31, 2007 to determine if the Clerk of Court submitted the reports to the municipal treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

## **2. TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY**

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the City's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim assistance surcharge (Section 14-1-211) for the period April 1, 2006 – March 31, 2007.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2006 – 2007 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our findings are reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY" in the Accountants' Comments section of this report.

## **3. PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING**

- We inquired as to the format determined by City council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended June 30, 2006 audited Victim Assistance Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges on page 30 of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2007.
- We verified the Victim Assistance Fund reimbursable expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

We found no exceptions as a result of the procedures.

#### 4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period April 1, 2006 to March 31, 2007.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced amounts recorded in the City's financial statement Schedule of Fines, Assessments and Surcharges on page 30 of the year ended June 30, 2006 report related to fines and assessments revenues reporting in accordance with Section 14-1-208(E) to supporting schedules used in the audit to comply with Section 14-1-208(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

Our finding is reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' Comments section of this report.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended March 31, 2007 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Spartanburg City Council, city clerk of court, city treasurer, State Treasurer, State Office of Victim Assistance, Chief Justice, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



April 23, 2007

**ACCOUNTANTS' COMMENTS**

**CITY OF INMAN MUNICIPAL COURT  
INMAN, SOUTH CAROLINA**  
State Auditor's Report  
March 31, 2007

**VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS**

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the entity require that we plan and perform the engagement to determine whether any violations of State Laws, Rules, or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.



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**TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY**

**ASSESSMENT OF THE 3% COLLECTION COST CHARGE ON INSTALLMENT PAYMENTS**

**CONDITION:** The City does not assess the 3% collection fee on fines paid on an installment basis as mandated by law.

**CRITERIA:** South Carolina Code of Laws Section 14-17-725. The Section states, "Where criminal fines, assessments, or restitution payments are paid through installments, a collection cost charge of three percent of the payment also must be collected by the clerk of court.... "

**CAUSE:** The purpose of the fee is to help offset the administrative cost to the City. The City Council has discussed charging this 3% collection fee, but has elected not to assess the mandated fee.

**EFFECT:** The City is not complying with Section 14-17-725.

**AUDITORS' RECOMMENDATION:** We recommend the Clerk of Court comply with the law related to installment payments and collect the 3% fee as required by law.

**INSTALLMENT PAYMENTS ALLOCATION**

**CONDITION:** The City does not prorate fines paid on an installment basis equally to fine, assessment and surcharge accounts. Instead, the City Clerk chooses which category (e.g. fine, assessment, surcharge, etc.) is paid when the partial payment is received.

**CRITERIA:** The Court Administration Memo from Robert L. McCurdy dated June 14, 2005 section VI. A. 11 states, "When the fine and assessment are paid in installments, Section 35.11 ... requires that 51.80722% of each installment be treated as a payment towards the assessment. The remaining 48.192771% is treated as a payment towards the fine. ... Prior to making these computations, you must determine what other assessments may apply (conviction surcharge, DUI assessments, etc.). Those charges must be collected separately and not included in the percentage splits explained above."

**CAUSE:** The Clerk manually allocates the fines, but was unsure of how to correctly distribute partial payments.

**EFFECT:** Fines received on an installment basis are not allocated in accordance with the Court Administrative directive. Prorated distribution of payments is essential to ensure all entity's interests are sharing in the receipts and one entity is not short-changed in the event that the violator is unable to satisfy his judgment.

**AUDITORS' RECOMMENDATION:** The City should design and implement procedures to prospectively allocate partial payments. The City should assess the effect of the error on current data and make a determination on the best course of action to bring past payments into compliance with the law.

**ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES**

**CONDITION:** The Municipal Court Judge was not adhering to the Judicial Department minimum/maximum fine guidelines included in legislation.

**CRITERIA:** Judicial Department Guidelines for Fines – Minimums and Maximums. These guidelines are obtained from the minimum and maximum fines recorded in the respective legislations.

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**CAUSE:** The City's list of fines agrees with the Judicial Department's fine guidelines. However, an officer appears to have misread the list and charged the violator an amount higher than the maximum.

**EFFECT:** By not assessing the correct fines as required in the legislation, the City is violating the law.

**AUDITORS' RECOMMENDATION:** We recommend that the City comply with the fine guidelines.

**NOT CHARGING LAW ENFORCEMENT SURCHARGE ON CITY ORDINANCE VIOLATIONS**

**CONDITION:** The City did not charge the law enforcement surcharge on careless operation of a vehicle and careless driving violations on city ordinance violations for part of the procedures period.

**CRITERIA:** Section 73.3 of the fiscal year 2003-2004 Appropriation Act states, "(A) In addition ... a twenty-five dollar surcharge is also levied on all fines, forfeitures, escheatments, or other monetary penalties imposed in the general sessions court or in magistrates' or municipal court for misdemeanor traffic offenses or for nontraffic violations. No portion of the surcharge may be waived, reduced, or suspended."

**CAUSE:** The City Clerk did not know the Law Enforcement surcharge was supposed to be assessed on city ordinance violations.

**EFFECT:** The City retained a portion of the surcharges that should have been remitted to the State. Because the surcharges cannot be waived, the City has already assessed the surcharge to the violators. The City must allocate the surcharges to the proper accounts. As a result, this will reduce the amount of money allocated to the local fine and state and victim assistance assessments. The reallocation will create less fine revenue and assessments than previously reported and a liability for the surcharges. The Victim Assistance fund and the City general fund revenues were overstated as well as the amount of the State Assessments. The surcharges for the city ordinance violations were not reported.

**AUDITORS' RECOMMENDATION:** We recommend that the City comply with the law and prospectively charge the law enforcement surcharge on city ordinances. The City should determine the extent of the error and make the necessary adjustments to its accounting system to properly distribute the fine in accordance with the law. This would include revising reports made to the State Treasurer's Office.

**TIMELY ACCURATE REPORTING TO THE STATE TREASURER**

**SCHEDULE OF FINES AND ASSESSMENT**

**CONDITION:** The Supplementary Schedule of Fines and Assessments, which was prepared by an independent external auditor and submitted to the State, did not include all information that is required by law to be in the schedule. The schedule was listed in the notes section of the audit and not as a schedule in the back. It did not list assessments separately. It also did not list victim assistance revenues by source or victim assistance expenses. The schedule did not show a fund balance or carry forward balance for the victim assistance fund.

**CRITERIA:** South Carolina Code of Laws Section 14-1-208(E) requires that the municipality have an audited supplementary schedule indicating all fines and assessments collected by the municipal court, the amount of the fines and assessments retained by the City Treasurer and the amount of fines and assessments remitted to the State Treasurer, and the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward.

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**CAUSE:** The City relied on the independent auditor to include all required information on the schedule.

**EFFECT:** The Supplementary Schedule of Fines and Assessments did not comply with South Carolina Code of Laws Section 14-1-208(E)(1)(b) & (f)

**AUDITORS' RECOMMENDATION:** The City should ensure their schedule complies with State law

# CITY OF INMAN

"THE FRESH PEACH CENTER OF THE WORLD"  
20 S. MAIN STREET  
INMAN, SC  
29349

September 21, 2007

Cline Brandt Kochenower & Co., P. A.  
P. O. Box 848  
Gaffney, SC 29342

To Whom It May Concern:

The City of Inman has received and reviewed the audit report for Inman Municipal Court and we agree with your findings and are working on a plan to correct the following:

Assessment of the 3% Collection Cost Charge on Installment Payments  
Installment Payment Allocation  
Adherence to Judicial Fine Guidelines  
Not Charging Law Enforcement Surcharge on City Ordinances Violations  
And  
Schedule of Fines and Assessment

Thank you,

A handwritten signature in dark ink, appearing to read "Robin Henderson", followed by a horizontal line.

Robin Henderson  
Clerk of Court